



GARY R. HERBERT  
Governor

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Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

July 7, 2014

CERTIFIED RETURN RECEIPT  
7011 2970 0001 8829 0001

Spent Hansen  
Northstar Clay Mines, Inc.  
35 Mammoth Street  
P.O. Box 190  
Eureka, Utah 84628

Subject: Review of Reclamation Surety Northstar Clay Mines Inc., Blackjack Mine, S0230106, Juab County, Utah

Dear Mr. Hansen:

The last surety estimate for the Blackjack Mine was done in 2009 and escalated to 2014 dollars. The surety amount needs to be adjusted to account for changes in reclamation costs.

Based on average reclamation costs, the surety amount needs to be increased from \$24,000.00 to either \$29,100.00 (three year escalation) or \$30,500.00 (five year escalation). The average reclamation costs are outlined below:

<b>Small Mine Operation Bond Calculation Worksheet S/0/0106</b>			
<b>3-year escalation (2017)</b>			
<b>Item</b>	<b>Qty</b>	<b>Unit Cost</b>	<b>Total Cost</b>
1st Acre Disturbance	1	\$8,000.00	\$8,000.00
Add'l Acres Disturbance	4	\$5,000.00	\$20,000.00
Mob/demob over 51-100 miles	1	\$1,400.00	\$1,400.00
<b>TOTAL</b>			<b>\$29,400.00</b>
<b>5-year escalation (2019)</b>			
<b>Item</b>	<b>Qty</b>	<b>Unit Cost</b>	<b>Total Cost</b>
1st Acre Disturbance	1	\$8,300.00	\$8,300.00
Add'l Acres Disturbance	4	\$5,200.00	\$20,800.00
Mob/demob over 51-100 miles	1	\$1,400.00	\$1,400.00
<b>TOTAL</b>			<b>\$30,500.00</b>

Spent Hansen  
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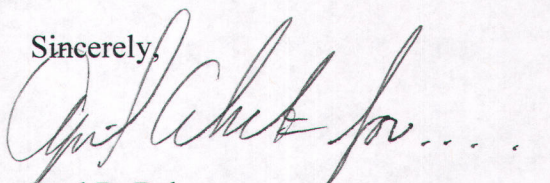
Please contact the bond coordinator, Penny Berry, at 801-538-5291 or by e mail at [pennyberry@utah.gov](mailto:pennyberry@utah.gov) for information about submitting the additional surety. Your current surety is in the form of cash. You may increase the cash deposit, or you may submit a letter of credit, a certificate of deposit, or a surety bond for either the increased or full amount. Bonding forms are available on the Internet at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm>.

As an alternative to increasing the surety amount, the reclamation liability can be decreased by reclaiming a portion of the site and amending the Notice of Intention to Commence Small Mining Operations to show the decreased acreage. If you decide to pursue this option, please contact the lead inspector Wayne Western at 801 538-5263. The Division of Oil, Gas and Mining would need to continue to hold adequate surety for the reclaimed area while vegetation is becoming established.

Please provide the additional surety or perform the reclamation no later than September 2, 2014.

Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Wayne Western at 801 538-5263.

Sincerely,

A handwritten signature in dark ink, appearing to read "Paul B. Baker", followed by several dots.

Paul B. Baker  
Mining Program Manager

PBB:whw:pb

cc: Duane Bays, Fillmore BLM ([dbays@blm.gov](mailto:dbays@blm.gov))

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